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S E C R E T VIENNA 002932

SIPDIS

FOR EUR/AGS, EUR/PRA, NP/ECNP AND INR/SPM

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TAGS: [ETTC](#) [PARM](#) [PREL](#) [AU](#) [IR](#)

SUBJECT: SNIPER RIFLES TO IRAN

REF: A) STATE 154383 B) VIENNA 1942 C) VIENNA 406 D)

VIENNA 331 E) VIENNA 165 F) STATE 9770 G)

VIENNA 37 H) 04 STATE 272249 I) 04 VIENNA

4393 J) 04 STATE 263141 K) 04 VIENNA 4354

Classified By: Economic-Political Counselor Gregory E. Phillips  
for reasons 1.5 (b) and (d)

1. (S/NF) On August 30, EconPolCouns and Econ Unit Chief delivered ref A nonpaper to Helmut Krehlik, Head of the Ministry of Economy's Export and Import Control Division, and to Dorothea Auer, Head of the Foreign Ministry's Non-Proliferation and Arms Control Division. Auer and Krehlik thanked the USG for the points and for the information contained in a June DIA paper (S-37, 424-05/MEA-5). Krehlik said the DIA information was particularly useful because it documented that Iran had a proven track record of delivering weapons to terrorist organizations.

2. (S/NF) Krehlik explained that the GoA, in the course of probable legal action initiated by Steyr-Manlicher (ref B), could exclude classified material, both content and source. The GoA would simply need to demonstrate how it reached certain conclusions without divulging specifics. However, Krehlik said that various GoA legal experts had told him that if Steyr-Manlicher appealed to the Supreme Court, the Court could order the GoA to release the complete dossier to the plaintiff. Krehlik opined that the Court would not force the government to divulge classified documents to the plaintiff, but he admitted that this would be a risk. Krehlik noted that the most conclusive evidence of Iranian weapons entering Iraq was in the non-releasable ref B talking points and DIA paper. In a possible Supreme Court challenge, Steyr-Manlicher would inevitably request the source of ref B releasable points.

3. (S/NF) Krehlik said Steyr-Manlicher would probably prevail in a legal challenge to the GoA's refusal to issue a license to export AUG-3 rifles to Iran. However, Krehlik maintained that the court proceedings would most likely last two years. In Krehlik's view, much could change in Iran and within Steyr-Manlicher in a two-year period. For instance, Krehlik said he has heard rumors that Steyr-Manlicher President Wolfgang Fuerlinger ultimately wanted to sell off and/or off-shore most of the company's assets, maintaining

only production of hunting rifles in Austria. Given these uncertainties, Krehlik said he has argued within the GoA to "drag out" any legal action pertaining to the sale of the AUG-3s.

Brown